GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1860
ANSWERED ON:01.08.2003
NEW JOINT VENTURE BY FOREIGN COMPANIES
PRABHA RAU

Will the Minister of FINANCE be pleased to state:

(a) whether the Government propose to review its policy governing the exit of foreign company from a joint venture with its Indian partner and setting up a new venture by the overseas partner;

(b) whether it is obligatory on the part of a foreign company to obtain a no objection certificate from its original Indian partner for starting a new joint venture;

(c)if so, the names of the business partners who had separated and set up a new company during the last one year; and

(d) the details of the policy change, if any, made by the Government to protect the interest of the Indian companies in this regard?

Answer

Minister of State in the Ministry of Finance (Shri Anandrao V. Adsul)

(a) The current policy in this regard is governed by Press Note No.18of 1998 (on Guidelines pertaining to approval of foreign/technical collaborations under the automatic route with previous ventures/tie up in India) issued by the Department of Industrial Policy and Promotion

(b) No Sir. Press Note No. 18 of 1998 stipulates that the automaticroute for FDI and for technology collaboration would not be available to those who have or had any previous joint venture on technology transfer/trade-mark agreement in the same or allied field in India.

(c) Details of joint venture partners who had separated and set up a new company during the last one year are being collected and will be placed on the Table of the House.

(d) The current policy already takes into account the legitimate interests of the Indian joint venture partners.